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Advancing National Health Care: Do We Dare Consider Comprehensive Reform Again?

Executive Summary

- Educating ourselves on various strategies that could improve the health care system is a useful first step to better participate in the health care reform debate.
- The primary issue is that most people believe building on the current system is the only politically viable course.
- Others maintain the opposite view, that only comprehensive change can provide sustainable universal health care.

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In February 2007, the *Los Angeles Times* reported that police investigated a situation in which a hospital van dropped off a paraplegic man on skid row, allegedly leaving him crawling in the street with nothing more than a soiled gown and a broken colostomy bag.

Police said the incident was a case of "homeless dumping" and were questioning officials from the hospital. "I can't think of anything colder than that," said Detective Russ Long. "There was no mission around, no services. It's the worst area of skid row." The case comes 3 months after the L.A. city attorney's office filed its first indictment for homeless dumping against Kaiser Permanente for an incident earlier last year (Blankstein & Winton, 2007).

This shocking story reflects an extreme example of the serious symptoms plaguing our current health care system and the erosion of our social duty to responsibly provide basic health care to all Americans, regardless of their ability to pay. Most readers of this column agree strongly that health care reform is an urgent need in this country. For some time the debate has been shifting from whether change is needed to what type of health care system can address the problems of the growing uninsured population, contain the rising costs of health care delivery, and appeal politically to unite bipartisan efforts. Being deeply concerned about such a complex issue leads to the challenge of determining what type of actions to take. Taking the long view, health care reform may be the most pressing issue facing nurses professionally and personally.

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Educating ourselves on various strategies that could improve the health care system is a useful first step to better participate in the debate. However, the quantity and complexity of information available on this subject is daunting to say the least. Selecting out critical ideas is a service we can provide each other to shape our professional discussions over this subject and to guide the actions we take. It is in that spirit that I provide a "Cliff's notes version" on a *comprehensive* health care reform proposal that is controversial, innovative, and worthy of consideration: universal health care vouchers.

Ezekiel J. Emanuel (oncologist and bioethicist) and Victor R. Fuchs (professor of economics at Stanford, past president of the American Economics Association) have integrated their disciplinary perspectives to develop an economic and moral case for comprehensive health care reform. They believe using a voucher system is consistent with the values Americans want their health care system to reflect. They also maintain the use of flexible private markets to ensure competition and cost containment, thus avoiding the American bias against socialized medicine. Their universal health care voucher proposal is presented as a plan that will achieve several goals: (a) universality; all Americans would have access to a high-quality basic plan which can be retained when jobs or marital status change (continuity of coverage), (b) the ability to choose providers and hospitals as well as change plans and buy extra services, (c) quality care, and (d) efficiency in the systems of delivery of care as well as cost controls (Emanuel & Fuchs, 2007b). Sound too good to be true? Many would agree.

Comprehensive vs. Incremental Reform

A brief examination of the need for comprehensive reform contributes to understanding the reasoning for this universal voucher approach. Debating the kind of reform the public and policymakers are willing to implement regarding health care remains contentious. Currently, health care "reform" is receiving greater public focus as 18 states have introduced or implemented legislation to cover many of their uninsured residents (National Conference of State Legislatures, 2006); and with every announcement of a new presidential candidate comes a new health care reform proposal (Emanuel & Fuchs, 2007b). These proposals are primarily incremental reforms which reflect the major policy approach in use since the failure of the comprehensive federal health care plan put forth during the Clinton administration in 1993-1994 (see Table 1).

Over the past several years, Emanuel and Fuchs

Table 1.
Health Care Reform Proposals

Types of Incremental Reform Proposals	Types of Comprehensive Reform Proposals
Employer Mandates Must provide employees with some type of health insurance.	***Personal Mandates and Subsidies*** Mandating that everyone has health insurance that meets some minimum standard and subsidies or tax credits for the poor using the current system.
Subsidies Focus on the uninsured using tax credits.	***Single-Payer Proposals*** Private insurance would be restricted sharply or eliminated with hospitals funded by an annual budget; an example is compared to Medicare being extended to cover all age groups.
Medicare (lowering the age for eligibility) ***and Medicaid*** (raise the income level for eligibility) Reduce the number of uninsured by expanding these programs.	***Voucher System*** Combines publicly funded social insurance for basic care with elements of choice and competition using the private sector. The main feature being universal coverage for basic health services.
Health Savings Accounts Develop consumer cost consciousness, leading to usage reductions and possibly more price competition between providers.	
Managed Competition Mainly used to improve the efficiency of employer-based insurance.	
Quality Incentives Financial incentives – subsidize • Electronic medical records • Pay for performance (standards for quality)	

Source: Fuchs & Emanuel (2005).

have published compelling arguments against incremental health care reform. They argue that incremental initiatives in the past have been largely unsuccessful at addressing either financing or delivery and organization problems. "Political viability requires a plan to transform the inefficiencies of the current health care system into expanded coverage without increasing total outlays for healthcare" (Fuchs & Emanuel, 2005). They proffer that addressing sustained health care financing and inefficiency in health care delivery and organization demands a system-wide scope (comprehensive reform) and therefore the difficult, but necessary negotiation with the political environment that determines enactment. In a February 2007 *Washington Post* editorial, they touched upon a few more weaknesses of building within and on existing structures: "...building on a broken health care system by propping up the sagging employment-based insurance system, with all of its inefficiencies and inequities, and to preserve the second class income-tested programs such as Medicaid by focusing on the uninsured, is a failure to address either administrative inefficiencies or long term cost control" (Emanuel & Fuchs, 2007a).

Another component of political viability is the ability of the public, health care providers, and industry players to understand new health care proposals and their potential repercussions. President Bush has offered straightforward changes in health care with the idea of tax credits and health saving accounts which all of us can grasp more quickly. This type of incremental reform might feel politically and fiscally safer than comprehensive change but in the long run is it sustainable? How can we make health care reform affordable, sustainable, transparent, and translatable to consumers so that they are able to partner in their care?

Restructuring at the Federal Level

Emanuel and Fuchs (2007b) offer a description of how this universal health voucher system would work.

> "Each year all Americans would choose a health plan from among five to eight alternatives. All plans would be free. The plans would also meet

certain criteria — minimal co-payments and deductibles, plus benefits modeled initially on the Federal Employee Health Benefit Plan. By law, the plans could not discriminate among customers. They would accept anybody and promise unconditional renewal, regardless of preexisting conditions or other factors that might put people at higher risk of getting sick. Regional Health Boards would screen plans and monitor their performance over time, using criteria set by a federal health board.

"...A Federal health board (modeled after the Federal Reserve System) would oversee funding to regional health boards, which would decide how to divide health care funds geographically. The regional health boards would pay each plan, based on the number of enrollees in any given year — with one key adjustment. The regional boards would adjust payments so that plans attracting sicker beneficiaries would get more money. This, along with prohibitions on denying coverage to people with preexisting conditions would prevent insurers from profiting by cherry-picking the healthiest subscribers" (p. 14).

Funding and Quality

The authors provide a succinct presentation of how their proposal carves a politically viable path through the axis of financing and quality of care. Funding would come from two key sources: (a) repealing the existing tax exemption on employer-sponsored health insurance and (b) creation of a value-added tax (VAT) dedicated to generating money only for health care…please don't stop reading yet. Remember all countries that provide universal health care have a VAT. Some experts argue that a VAT is preferred as it taxes spending (in the form of a sales tax), not income or savings. Fuchs and Emanuel argue that as employers stop spending money on employee health benefits, wages would go up. Americans would no longer have to pay any premiums for health care, at least for the basic medical coverage. The voucher program would also phase out Medicaid and eventually Medicare. The taxes that currently support them would be eliminated as well. They estimate repealing the employer-sponsored health insurance would result in raising $200 billion a year. The other $750 billion a year would be created through the VAT. Overall they maintain this voucher system would not cost more than the present system and over time could cost less as health care inflation would be held down.

Emanuel and Fuchs believe VAT money would set a strong limit on the cost of the basic health benefits packages. The amount or VAT collected would rise as the economy grew. But if health care spending needed to grow more rapidly, Americans would have to agree to a higher tax rate. They are confident this voucher system would foster competition among health plans as health plans would be paid based on number of enrollees, thus providing a strong incentive to have quality services. These insurance plans would also have a strong incentive to collaborate with physicians and hospitals to cut down on waste and marginal medical services. Another cost savings proposal would be to create an Institute of Technology and Outcome Assessment using a small portion of the VAT. The data provided by this institute would be used to evaluate the cost and effectiveness of new technologies and new applications of existing technologies (Fuchs & Emanuel, 2005).

Moving Forward

The primary issue is that most people believe building on the current system is the only politically viable course. Fuchs and Emanuel maintain the opposite view, that only comprehensive change can provide sustainable universal health care. There are definitely issues to be discussed around this proposal. Will administrative costs and inefficiencies decline significantly under this model? Personalizing care for those who exceed the basic benefits package may continue to produce costly paperwork, so might determining co-pays and deductibles. Additionally, how will the basic benefits package be defined? This is a question that will likely reignite many of the debates currently surrounding health care reform. What do we as providers of health care services and recipients think the basic package should include? Lastly, who will determine the value of the vouchers? Enacting a system that will prevent fraud and abuse will also require a concerted effort on the part of legislators. Whether you agree with this proposal or not, it is these types of innovative "out of the box" ideas that offer the collective efforts of policymakers and health care providers like ourselves to envision new possibilities and to ask better questions.**$**

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